

**Minutes of the meeting of the
Commonwealth Competition Council
held Thursday, July 8, 2004, 10 a.m.
Library of Virginia
Richmond**

Members present:

Senator Emmett W. Hanger, Jr., Chairman
Sandra D. Bowen
Richard D. Brown
Lana Ingram Digges
Barry R. Green
Delegate Allen L. Louderback
Edgardo Marquez
Marian M. Pegram
Delegate Thomas D. Rust
Senator J. Brandon Bell, II
Sara Redding Wilson
David M. Zobel

Members absent:

Beverly B. Davis
Roger E. Ortega, Sr.
Ronald V. Shickle

Notice of the meeting appeared in the Commonwealth Calendar on the Internet.

Senator Hanger presided over this strategic planning meeting and extended a welcome to all present. Each Council member introduced himself. New members present were:

Senator J. Brandon Bell, II	Appointed by the Senate Committee on Rules Succeeds Senator John C. Watkins
Lana Ingram Digges	Member of the Small Business Commission Appointed by the Senate Committee on Rules Fills one of the two Small Business Commission seats on the Council Succeeds Robert A. Archer, who had served the maximum two successive three-year terms permitted for the Competition Council
Barry R. Green	Deputy Secretary of Public Safety for Virginia Appointed by Governor Mark R. Warner Fills one of the four Executive Branch seats on the Council Succeeds Marcus D. Jones, who left state government

The Chairman announced the following reappointments:

Reappointed by the Senate Committee on Rules
Senator Emmett W. Hanger, Jr.
Reappointed by the Speaker of the House of Delegates
Delegate Allen L. Louderback
Delegate Thomas D. Rust
Edgardo Marquez
David M. Zobel

All new members present were sworn in by a representative of the Office of the Secretary of the Commonwealth prior to the call to order.

Mr. Brown introduced the Department of Planning and Budget Associate Directors present:

Joyce A. Hann, Health and Human Resources
K. Michael Shook, Best Management Practices
Donald D. Darr, Budget Operations, Administration, and Technology
Jerry W. Edwards, Commerce, Natural Resources, and Finance
Herbert H. Hill, Jr., Strategic Planning, Research and Evaluation
William M. Shobe, Economic and Regulatory Analysis

Mr. Michael D. Maul, Associate Director for Education, Transportation, and Public Safety, was not able to attend this meeting.

A roster will be provided.

Mrs. Sherri H. Wyatt, Director of Financial Management with the Office of the Auditor of Public Accounts, was introduced.

Public Comment

None

Minutes

The minutes of the January 7, 2004, meeting of the Council were approved and will be filed with the permanent records of the Council. As a reminder, draft minutes appear on the Internet as soon as possible but not later than ten working days following the meeting in accordance with § 2.2-3707.1 of the *Code of Virginia*. Final approved minutes are posted within three working days of final approval. Commonwealth Competition Council minutes are being posted in accordance with the above to the Council web page at <http://www.egovcompetition.com>.

Funding of the Commonwealth Competition Council

Mr. Brown provided an update on the funding of the Competition Council. With the passage of the Appropriation Act for 2004-2006, the General Assembly and Governor approved the transfer of the Council funding and employment level from an independent state agency to the Department of Planning and Budget as follows:

2004-2006 Appropriation Act

Item 62 #1c

Administration	FY 04-05	FY 05-06	
Commonwealth Competition Council	(\$262,297)	(\$262,297)	NGF
	-3.00	-3.00	FTE

Explanation:

(This amendment eliminated the nongeneral fund appropriation and positions provided for the Commonwealth Competition Council. A companion amendment in Item 283 transferred the funding for this function to the Department of Planning and Budget.)

Item [283](#) #1c

Finance	FY 04-05	FY 05-06	
Department Of Planning And Budget	\$250,000	\$250,000	NGF
	2.00	2.00	FTE

"D.1. The Department of Planning and Budget shall provide staffing and operational support to the Commonwealth Competition Council. Other state agencies and institutions of the Commonwealth shall also assist the Commonwealth Competition Council in its work upon the request of the chairman of the Council.

2. There is hereby created upon the books of the Comptroller a special, nonreverting fund known as the "Commonwealth Competition Council Savings Recovery Fund." This Fund shall provide a nongeneral fund appropriation of \$250,000 each year for use by the Department of Planning and Budget in defraying the costs of providing staff and operational support to the council.

3. Prior to April 1 each year, the Director of the Department of Planning and Budget shall notify the Auditor of Public Accounts of any savings recommendations put forth by the Commonwealth Competition Council for which savings are likely to be realized in the current fiscal year or in the fiscal year beginning on the next July 1 after such notification. The Auditor of Public Accounts shall audit the implementation of these savings recommendations and shall certify to the State Comptroller by June 1 each year the total savings realized by state agencies or institutions as a result of the savings recommendations put forth by the Commonwealth Competition Council. By July 1 each year, the State Comptroller shall transfer 10 percent of these certified savings to the Commonwealth Competition Council Savings Recovery Fund for support of the council's operations. However, if these savings have since accrued to the benefit of the general fund, either by subsequent budgetary action or by reversion, then following the certification of the savings by the Auditor of Public Accounts, the State Comptroller shall transfer the equivalent of 10 percent of the affected certified savings from the general fund to the Commonwealth Competition Council Savings Recovery Fund. The total amount transferred to the Commonwealth Competition Council Savings Recovery Fund pursuant to these provisions shall not exceed \$500,000 in any one fiscal year."

Explanation:

(This amendment is one of two that transfer 2.00 FTE positions of the Commonwealth Competition Council to the Department of Planning and Budget. The companion amendment is drawn to Item 62.)

Mr. Brown advised the Council that these two actions were approved by the Council at its last meeting.

Previous Recommendations of the Council

The Chairman had asked for an update on two initiatives the Council recommended to the Governor:

Change of color of VDOT vehicles

Mr. Earle W. Potter, Assistant Director for Equipment Management, Asset Management Division of the Virginia Department of Transportation, was present and provided the Council with a handout reflecting the estimated savings realized pursuant to the change in the color of the VDOT vehicles. Delegate Louderback, acting on behalf of the Council, had recommended that VDOT not specify a particular color for its vehicles and that they purchase white vehicles. For many years, VDOT had requested "VDOT orange" as the color for its various classes of trucks, etc. Mr. Potter's summary is attached and made a part of the minutes. He reported the estimated 2002-2003 savings as \$160,426 and \$18,701 for 2003-2004. VDOT had purchased 206 light duty trucks during the 2003-2004 fiscal year vs. a total of 608 vehicles (various classes of vehicles) during 2002-2003. Budget reductions were cited as the reason for the reduction in the number of vehicles purchased.

Innovative Cost Saving Initiative

Virginia Information Technologies Agency

Ms. Dorothy S. Boland with the Virginia Information Technologies Agency (VITA), updated the Council on the VITA Voice Telecommunications Audit contract. This contract is the result of a recommendation of the Competition Council some two years ago, and its purpose is to reduce agency expenditures, update inventories, identify billing errors, and propose future savings. Possible findings include telecommunication vendor errors, VITA billing errors, and customer errors (such as failure to disconnect unused equipment). VITA initiated the contract as a pilot with a small, medium, and large agency. Those selected were the Department of Aviation, the Department of Forestry, and the Virginia Department of Transportation. Although VITA has not issued a formal report on the pilot, Ms. Boland indicated that there were savings to be realized. In VDOT, with only 2,000 lines being audited, the potential savings could approach \$18,000. She reported that the vendor had experienced some difficulty in the pilot audit of pagers and cell phones because they called the numbers and didn't get return calls on many devices. She indicated that there could be any number of reasons for this happening. A formal presentation will be presented when VITA issues its report and recommendations. The successful contractor, Asyncrob Corporation, a minority firm in Northern Virginia, will receive 16.85% of reimbursement on billing errors and future savings on recommendations the company makes to the state agency that are implemented (for a maximum of 90 days). If no errors are found and no reimbursements, there will be no payments. The contractor will be paid solely from past billing error reimbursements or future savings. Inasmuch as the contractor will be paid after the agency receives any credits, there is no out-of-pocket expense to state agencies. The scope of the contract could be extended to all VITA contract customers who may use the audit contract if desired. This includes direct-billed customers, colleges and universities, and localities.

Election of officers.

The chairman announced that the Vice Chair, Mr. Robert A. Archer, was ineligible for reappointment to the Council as he had served two successive three-year terms, the maximum authorized for the Competition Council in the *Code of Virginia*. His term ended June 30, 2004. Section 2.2-2261, Section D, of the *Code of Virginia* stipulates the Council shall annually elect its chairman and vice chairman from among its members, and that a majority of the members of the Council constitute a quorum. It was noted for the record that a quorum was present.

Mr. Marquez was unanimously elected Vice Chair to a term ending June 30, 2005. Senator Hanger's term as Chair continues through June 30, 2005.

Employee Suggestion Program

Mrs. Wilson was asked to provide an update at the next meeting on the centralized vs. decentralized approach to the State Employee Suggestion Program.

Efficiencies in government initiative approved during the Veto session

Mr. Brown advised the Council of one efficiencies in government initiative approved during the Veto session, as follows:

The sum of \$1,750,000 the first year and \$1,500,000 the second year from the general fund is provided to conduct research on the cause and effects of desired outcomes in core service areas for the purpose of constructing an overall roadmap for the Commonwealth, to facilitate and implement reengineering initiatives from an enterprise-wide perspective, and to conduct targeted efficiency reviews of state programs and activities including an examination of the cost effectiveness of certain state-operated commercial activities. The Governor is authorized to transfer from this item such amounts as are necessary for state agencies to implement the purposes of this appropriation.

This amendment provides funding for activities to enhance the performance of state government through the establishment of programmatic and managerial benchmarks for core programs and services in conjunction with the development of a productivity improvement program which encompasses research, training, and incentives to assist state agencies in meeting the desired benchmarks. The funding will enable the Commonwealth to make budgetary decisions in a more transparent and understandable fashion as well as fully integrate various efforts being undertaken by state agencies for the Council on Virginia's Future, the Government Performance and Results Act, the Taxpayers Budget Bill of Rights legislation, and the Competitive Government Act. It will also provide for a systematic approach for the continued implementation of the recommendations of the Governor's Commission on Efficiency and Effectiveness.

Strategic Planning Session

The remainder of the meeting was devoted to developing a strategic plan for the Competition Council for the 2004-2005 fiscal year. One of the Associate Directors of the Department of Planning and Budget, Mr. Hill, facilitated the planning session. He is responsible for directing Virginia's performance management system, which includes its strategic planning, performance measurement, program evaluation, and performance budgeting efforts. Virginia's performance management system has been recognized over the years by a number of venues as one of the best in the nation. He has extensive experience in a variety of state government organizations designing and implementing strategic planning and performance measurement systems, and has provided consulting assistance to a variety of private sector organizations, state agencies, boards, and associations.

The Chairman reminded the members that the current Competition Council mission calls for the Council to serve as:

A catalyst for change to help State Government to work better, cost less, and get the results Virginia citizens expect in the 21st century.

Significant time was spent in discussing what the role of the Competition Council should be. Issues, process, and criteria were viewed as essential in the Council developing its strategic plan. The results of the discussion shown below are in random order and do not denote priority or importance:

Issues

- Increase trust level with Legislature
- Promote efficiency and effectiveness
 - Data needed
- Recognize agency successes/best practices
- Reassess role of government
 - Look forward
- Communicate what other agencies are doing, best practices, and Council work
- Privatization
 - Legislation: Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA)
- Encourage competition

Process

- Process for competition to be better realized and recognized
- Identify how government gets products and services – best practices
- Identify possible savings opportunities and transfer to agency
- Identify similar efforts in the Commonwealth
- Identify what other states are doing
- Identify incentives for agencies and employees
- Encourage culture
- Identify background information on current efforts
 - Legislation – HB 1043 most recent example
 - Cost Cutting Caucus

Criteria

- Government with less employees
- \$\$\$\$
- People
- Public priority?
- Better service?

The members of the Council divided into two groups and proposed some potential projects to be considered by the full Council. The results of their discussions are shown below, with the votes cast during the full session:

Potential Project List Identified at the Commonwealth Competition Council 2004 Strategic Planning Session

No. Votes

- 5 License Operations
 - Department of Motor Vehicles' operations
 - Game Hunting and Fishing
 - Boating Registration
 - Professional Licensing
- 4 Prison Operations
 - Cost of public vs. private
 - Rehabilitation Services
- 3 Property and Casualty Insurance Stop Loss
 - Develop a cooperative
 - Joint contract with other states
 - Not regional
- 3 Payroll Processing
 - Department of Accounts does for small agencies
 - Make "taxable"
 - Non-governmental function
- 3 Debt Collection
 - "Match" pursuit
 - Large amounts
- 3 Transportation
 - Long-term transportation needs
 - Project allocation
 - Roads (briefing)
 - Alternatives
 - Mass Transit Options
 - Cabs
 - Rail
 - How to leverage
 - Big picture
- 2 Recognitions - Clearinghouse for Council
 - People
 - Organizations
 - Documentation - benchmarks

No. Votes

- 2 State vs. Non-State Museums
 - Allocation Plan
 - Efficient Delivery

- 2 Understand eGov Procurement
 - On contract vs. exception
 - New vs. used
 - Up-to-date technology
 - Qualifying Minority Business Enterprises and status/statistics

- 1 ABC Privatization

- 1 Mental Health and Mental Retardation Hospitals
 - More efficient/effective
Privatization as option

- 1 Abolish Dillon Rule

- 0 Training delivery

- 0 Prescription Drug Purchasing
 - Power of the State

- 0 Child Care

- 0 Recruitment

- 0 Support Services
 - Shared service/service bureau

- 0 Campus Police

- 0 Efficient/effective organization of state government
(threshold number of employees - 50?)
 - Combination
 - Competition between each
 - Duplication of effort/services

- 0 Abolish Independent Cities

- 0 K - Higher Education
 - More efficient/effective
Privatization as option

- 0 School Construction
 - Allocation

No. Votes

0 Internal "Audit" for efficiency, best management practices

Mrs. Robertson was asked to provide background information on these potential projects prior to the next meeting to include, but not limited to, resources currently being expended on each, budget, etc. This information will assist the members at the next meeting in assessing the priority of projects to go forward.

The Chairman and Council expressed their appreciation to Mr. Brown and his staff for their professionalism and contribution to the meeting.

Next meeting

The next meeting will be held during the last two weeks in August. The Council will be polled to determine the date.

There being no further business, the meeting adjourned.

Emmett W. Hanger, Jr.
Chairman